

ST. JOSEPH CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

December 31, 2004



Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

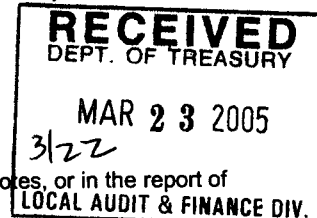
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name ST. JOSEPH CHARTER TOWNSHIP	County BERRIEN
Audit Date 12/31/04	Opinion Date 1/31/05	Date Accountant Report Submitted to State: March 21, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) GERBEL & COMPANY, P.C.			
Street Address 830 PLEASANT STREET		City ST. JOSEPH	State MI
Accountant Signature <i>Robert L. Gerbel</i>		ZIP 49085	Date 3-22-05

ST. JOSEPH CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

December 31, 2004

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St. Joseph Charter Township

Management's Discussion and Analysis

As management of St. Joseph Charter Township, we offer readers of the St. Joseph Charter Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2004. This discussion and analysis is designed to a) assist the reader in focusing on the significant financial issues that occurred during the year, b) provide an overview of the financial activities of the fiscal year, c) identify changes in the Township's financial position, d) identify any material deviations from the approved budget, and e) identify individual fund issues or concerns.

Financial Highlights

- State revenue sharing continues to be a concern and problem area for the Township's General Operating Fund which declined by \$27,550 in 2004 when compared to 2003 receipts and was \$55,900 less than originally budgeted due to State of Michigan continued reductions in Statutory and Constitutional anticipated payments.
- Since December, 2001, revenue sharing payments have decreased \$180,511 when compared to original state budget projections.
- With the continued decline in State of Michigan revenue sharing payments, new revenue sources will be needed in 2005 and beyond.
- The assets of St. Joseph Charter Township exceeded liabilities by \$11,564,307. Of this amount, \$7,099,640 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and creditors. In 2003, net assets were \$11,050,925.
- The Township's total net assets increased by \$513,382 from 2003.
- As of the close of the current fiscal year, St. Joseph Charter Township's governmental funds reported combined ending funds balances of \$3,100,244, an increase of \$269,814 in comparison with the prior year. Approximately 98.74% of this total amount, \$3,061,084, is available for spending at the Township's discretion (unreserved fund balance).
- At the end of the current fiscal year, the unreserved fund balance for the general operating fund was \$1,345,334 or 114.22% percent of the total general fund expenditures for 2004.
- The proprietary funds reports net assets of \$4,605,187, an increase of \$117,800 from the previous year.
- St. Joseph Charter Township's total debt decreased by \$43,265 during the current fiscal year.
- Water rates charged to Township residents and businesses increased 2% in 2004 due to the increased fees being charged by the City of St. Joseph Water Department. In accordance with the current water contract, an additional 2% will be added in 2005 and 2006 and a 1% increase in 2007.
- Sewer rates charged to Township residents and businesses were increased by 8% in 2004 due to higher fees imposed by the Joint Sewer Treatment Plant. Due to the treatment charge increase, expenditures increased by 8.19% when compared to 2003 expenditures.
- Sewer Operating Revenue increased from the City of St. Joseph and Royalton Township but declined from the City of Benton Harbor.
- Revenue for the Water Replacement and Improvement Fund increased markedly due to the Shoreham Condo and Austin Trail building projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to St. Joseph Charter Township's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves which further explains and supports the information presented in these statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Assets and Statement of Activities are designed to be corporate-like in that all the government and business-type activities are consolidated into columns which add to a total for the Primary Government. These statements should help the reader to answer the question: Is the Township, as a whole, better off or worse off as a result of this year's activities. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are recognized regardless of when cash is received or paid.

The Statement of Net Assets focus is designed to be similar to the bottom line results for the Township and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources, (short-term spendable resources) with capital assets and long-term obligations (total economic resources). This statement presents all of the Townships assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. However, in order to assess the overall health of the Township, non-financial factors such as the Township's property tax base and condition of its infrastructure (water and sewer lines and lift stations) may also need to be considered.

The Statement of Activities is focused on both the gross and net cost of the various activities (governmental and business-type activities) which are supported by the Township's property taxes, state revenue sharing, water and sewer user fees, and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services and provides information showing how the Township's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of St. Joseph Charter Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, rubbish, and building department. The business-type activities of the Township include the water and sewer operating funds.

The government-wide financial statements can be found on pages 3 - 4 of this report.

Both statements report two activities:

1. Governmental Activities – Most of the Township's basic services (police, fire, parks, government operations, rubbish collection) are reported under this category. Taxes and intergovernmental revenue generally fund these services. The Township's governmental

activities include legislative, general government, public safety, public works, and recreation and culture.

2. Business-type Activities – The Township charges fees to customers for water and sewer usage to cover all or most of the cost of services provided. The Township operates two business-type activities that reflect private sector type operations: Water and Sewer operating. Yearly contributions are also made to the Lake Michigan Shoreline Water & Sewer Treatment Authority from these funds and are based upon the percentage of Township users of the system - currently 33.25%.

Fund Financial Statements

Traditional users of the governmental financial statements will find the fund financial statements presentation more familiar. These statements provide more detailed information about the Township's most significant funds (Major Funds), not the Township as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Township uses to maintain control over resources that have been segregated for a specific activity or objective. St. Joseph Charter Township, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Some funds are required by State law. The Township Board establishes other funds to control and manage money for particular purposes. The Fund Financial Statements allow the demonstration of sources and uses and/or budgetary compliance associated therewith. In addition to major funds, the Township presents individual fund data for nonmajor funds in the supplementary information section.

All of the funds of St Joseph Charter Township can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Governmental Funds include the General Operating Fund, special revenue funds, and capital project funds. The proprietary funds include the water and sewer operating funds. The fiduciary funds include the Trust Account, the Benton Harbor Escrow account, and the Tax Collections account.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund statements are presented on a modified accrual basis, which focuses on the near-term sources and uses of available resources. This is the manner in which the budget is typically developed.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

St. Joseph Charter Township maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in funds balances for the general operating fund, two special revenue funds - public safety, rubbish - and the water replacement and improvement fund in the capital projects fund which are considered major funds. The data from the other three special revenue funds are combined into a single, aggregated presentation. Data from the three capital project funds are also combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

St. Joseph Charter Township adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for the general operating fund on page 9 to demonstrate compliance with this budget. In addition, a budgetary comparison statement for the Public Safety fund is on page 10 and the Rubbish Collection fund on page 11.

The basic governmental fund financial statements can be found on pages 5 - 11 of this report.

Proprietary Funds

St. Joseph Charter Township maintains one type of proprietary fund - Enterprise Fund. Enterprise funds are used to report the same functions as presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its Water Operating and Sewer Operating Funds. The Township has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Operating and Sewer Operating funds and are considered major funds of the Township.

The basic proprietary fund financial statements can be found on pages 12 - 15 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. While these funds represent trust responsibilities of the Township, these assets are restricted in purpose and do not represent discretionary assets of the Township. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs.

The Township is a trustee/agent for other governmental units for which it collects tax payments. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Township is also trustee/agent of water and sewer payments received from residents on the east side of the river by the City of Benton Harbor Water Billing Department. The Township is responsible for the distribution of these escrowed funds to the City of Benton Harbor and to the Water and Sewer Operating Funds in the Proprietary Fund.

All of the Township's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets.

The basic fiduciary fund financial statement can be found on page 16 of this report.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 28 of this report.

Additional Required Supplementary Information

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes budgetary comparison schedules.

The required supplementary information can be found on pages 29 - 31 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Township's case, assets exceeded its liabilities at the end of the fiscal year by \$11,564,307. However, a portion of the Township's net assets \$4,425,507 or 38.3% represents its investment in capital assets (e.g. land, buildings, land improvement, books, vehicles, furniture and equipment, water and sewer systems). The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

St. Joseph Charter Township's Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	FY 2004	FY 2003	FY 2004	FY 2003	FY 2004	FY 2003
Current and other assets	\$5,588,495	\$5,150,609	\$1,825,884	\$1,597,250	\$ 7,414,379	\$ 6,747,859
Capital assets	<u>1,705,413</u>	<u>1,723,854</u>	<u>2,847,587</u>	<u>3,009,462</u>	<u>4,553,000</u>	<u>4,733,316</u>
Total assets	<u>\$7,293,908</u>	<u>\$6,874,463</u>	<u>\$4,673,471</u>	<u>\$4,606,712</u>	<u>\$11,967,379</u>	<u>\$11,481,175</u>
Long-term liabilities outstanding	185,123	228,389	-	-	185,123	228,389
Other liabilities	<u>149,665</u>	<u>82,536</u>	<u>68,284</u>	<u>119,325</u>	<u>217,949</u>	<u>201,861</u>
Total liabilities	<u>\$ 334,788</u>	<u>\$ 310,925</u>	<u>\$ 68,284</u>	<u>\$ 119,325</u>	<u>\$ 403,072</u>	<u>\$ 430,250</u>
Net Assets:						
Invested in capital assets, net of						
Related debt	\$1,577,920	\$1,553,792	\$2,847,587	\$3,009,462	\$ 4,425,507	\$4,563,254
Restricted	39,160	6,702	-	-	39,160	6,702
Unrestricted	<u>5,342,040</u>	<u>5,003,044</u>	<u>1,757,600</u>	<u>1,477,925</u>	<u>7,099,640</u>	<u>6,480,969</u>
Total net assets	<u>\$6,959,120</u>	<u>\$6,563,538</u>	<u>\$4,605,187</u>	<u>\$4,487,387</u>	<u>\$11,564,307</u>	<u>\$11,050,925</u>

The remaining balance of unrestricted net assets \$7,099,640 may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, St. Joseph Charter Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$279,675 in unrestricted net assets reported in connection with the Township's business-type activities. The following are highlights of this increase:

- Approximately \$30,000 was transferred out of the Sewer Operating Fund to the Sewer Replacement and Maintenance Fund for future sewer interceptor improvements. These funds were available due to the reduction in administrative expenses by the City of St. Joseph in the new water contract.
- \$12,500 was expended on the May Street Lift Station improvements that were not anticipated in the original budget projections.
- Approximately \$30,000 of administration expense was recognized for the City of St. Joseph's billing costs. These expenses had not been recognized in prior years.
- Revenue from the City of St. Joseph was increased by \$60,000 due to the recognition of gross revenue for sewer billings instead of net revenue. See above the description of how these funds were applied.
- Overall revenue for the Sewer Operating Fund exceed the budget by \$51,853 before transfers.
- Overall revenue for the Water Operating Fund was \$2,000 less than budgeted while expenses were \$128,900 less than budgeted as no water line improvements were made in 2004 and the contribution to the Lake Michigan Shoreline Water & Sewer Treatment Authority was \$53,000 less than budgeted.

During the current fiscal year, the Township's total net assets increased by \$513,382.

Due to reductions in State of Michigan revenue sharing, a new medical insurance plan and employee contributions towards medical, dental and vision insurance coverage was implemented in June, 2004. In addition, all general operating fund departments were instructed to reduce expenditures for the last three months of the year, resulting in a further reduction of anticipated expenditures of approximately \$99,000.

In the Public Safety department, the fund balance was increased by \$158,000 due to reduction in salary and fringe benefits in three departments- Fire Station #1, Fire Station #2, and the Police Department. In addition, non-salary expenditures were less than budget while revenues were approximately \$11,000 greater than budgeted.

For the Garbage and Rubbish Collection fund, expenses were less than anticipated revenues resulting in an increase to fund equity of \$67,500.

The increase in the Water Replacement and Improvement Fund is due to new home construction and the collection of the \$1,000 water improvement fee for each home constructed. In 2004, the Shoreham Condos project was created resulting in \$28,000 in fees being collected and the Austin Trail project began to develop as well. The Water Replacement and Improvement fund balance increased by \$66,000. As these funds are restricted to use for water improvement only, it is anticipated that these funds will be used for the Township's share of the LMSW&STA contribution for the new water towers to be constructed in 2005 and 2006.

St. Joseph Charter Township's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	FY 2004	FY 2003	FY 2004	FY 2003	FY 2004	FY 2003
Revenues:						
Program Revenues:						
Charges for services	\$ 143,582	\$ 122,589	\$1,279,113	\$ 1,233,518	\$ 1,422,695	\$ 1,356,107
Operating grants	646,838	685,955	-	-	646,838	685,955
Capital grants	-	-	-	-	-	-
General Revenues:						
Taxes	\$2,310,370	\$2,271,273	-	-	\$ 2,310,370	\$ 2,271,273
Fines, fees and forfeits	420,893	245,621	1,354	-	422,247	245,621
Interest earnings	77,407	62,483	28,303	8,578	105,710	71,061
Gain(Loss) on Sale	4,287	-	-	-	4,287	19,752
Other	22,754	1,057	16,888	18,695	39,642	-
Transfers	(109,356)	15,847	109,356	(15,847)	-	-
Total Revenues and transfers	<u>\$3,516,775</u>	<u>\$3,404,825</u>	<u>\$1,435,014</u>	<u>\$ 1,244,944</u>	<u>\$4,951,789</u>	<u>\$ 4,649,769</u>
Expenses:						
Legislative	\$ 21,284	\$ 22,081	\$ -	\$ -	\$ 21,284	\$ 22,081
General government	923,563	921,780	-	-	923,563	921,780
Public safety	1,550,886	1,552,492	-	-	1,550,886	1,552,492
Public works	444,223	415,667	-	-	444,223	415,667
Recreation and culture	175,950	200,646	-	-	175,950	200,646
Debt service	5,287	8,960	-	-	5,287	8,960
Water	-	-	199,324	211,466	199,324	211,466
Sewer	-	-	1,117,890	1,078,027	1,117,890	1,078,027
Total Expenses	<u>\$3,121,193</u>	<u>\$3,121,626</u>	<u>\$ 1,317,214</u>	<u>\$ 1,289,493</u>	<u>\$ 4,438,407</u>	<u>\$ 4,411,119</u>
Increase (Decrease) in Net Assets	\$ 395,582	\$ 283,199	\$ 117,800	\$ (44,549)	\$ 513,382	\$ 238,650
Net Assets, January 1, 2004	<u>6,563,538</u>	<u>6,280,339</u>	<u>4,487,387</u>	<u>4,531,936</u>	<u>11,050,925</u>	<u>10,812,275</u>
Net Assets, December 31, 2004	<u>\$6,959,120</u>	<u>\$6,563,538</u>	<u>\$ 4,605,187</u>	<u>\$ 4,487,387</u>	<u>\$11,564,307</u>	<u>\$11,050,925</u>

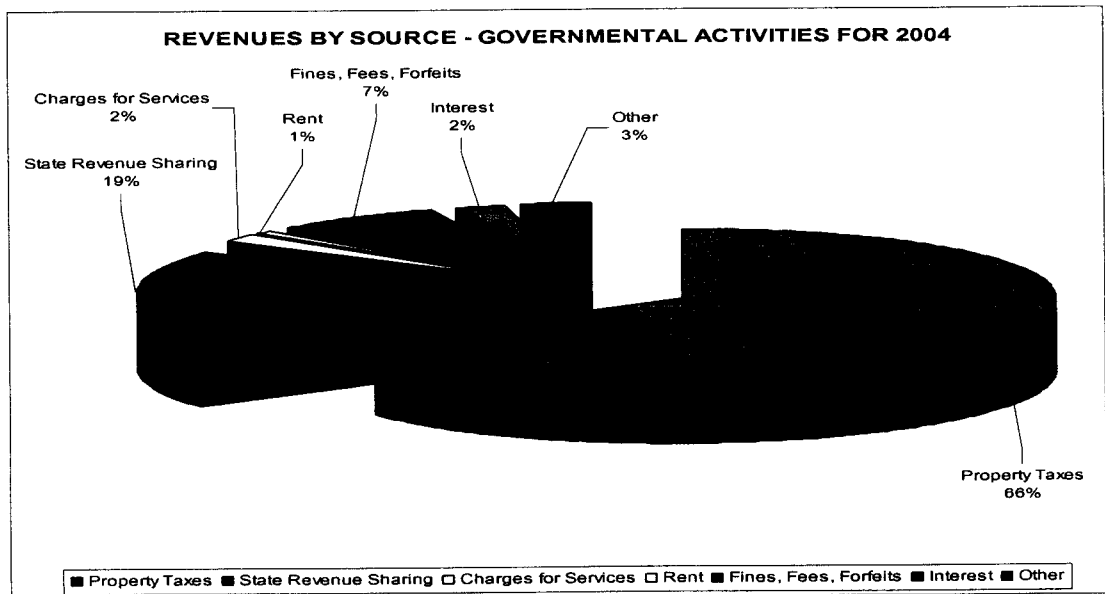
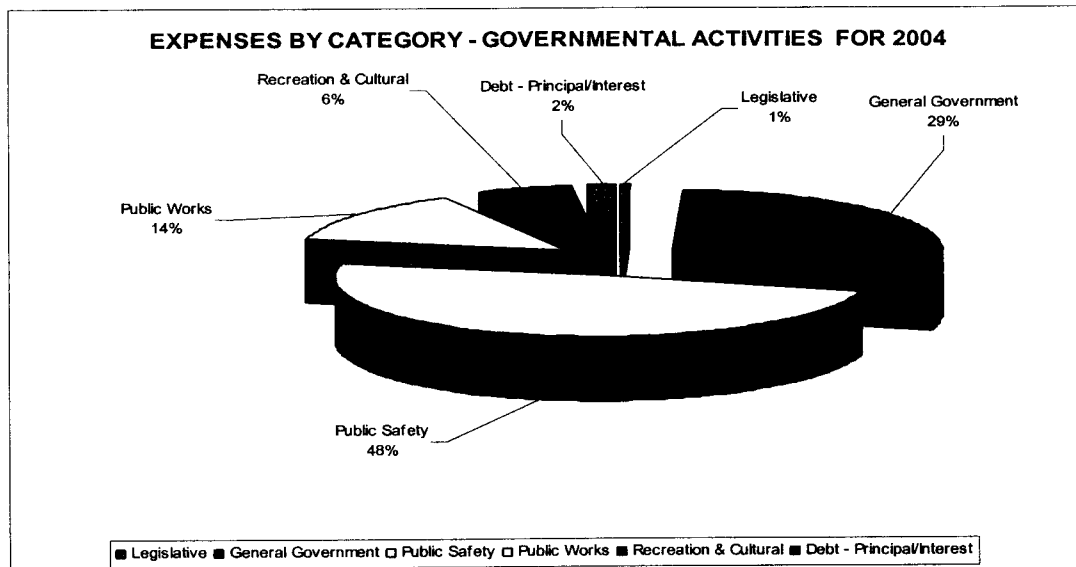
Governmental Activities

Governmental activities increased the Township's net assets by \$395,582, thereby accounting for 77% of the total growth in the net assets of St. Joseph Charter Township. Key elements of this increase are as follows:

- Property taxes for all funds increased by \$39,000 (1.72%) during the year.
- State revenue sharing in the General Operating Fund decreased by \$27,550 when compared to 2003 receipts - a 4% reduction compared to 2003 and an 8% reduction compared to original budget.
- Public Safety net assets increased by \$158,600 due to reductions in expenses – new medical insurance plan co-pays, employee contributions to premium costs, reductions in overtime and part-time officers, reductions in fire station operations.
- Due to new building construction in 2004, the Water Replacement & Improvement Fund increased net assets by \$66,100.

- The Rubbish Funds net assets increased by \$67,500 due to increased property tax values and reduction in expenses.
- The Building Department Fund net assets increased by \$13,500 due to increased building permits and the addition of mechanical and plumbing permits fees added this year.
- Sewer Replacement and Improvement Fund decreased by \$108,000 due to repair of the sewer interceptor at the Hickory Creek Lift Station.

St Joseph Charter Township Expenses and Program Revenue – Governmental Activities



Business-Type Activities

Business-type activities increased the Township's net assets by \$117,800. Key factors in this increase are as follows:

- Contributions to the LMSW&STA were \$75,000 less than original budget projections as the expense was split 60/40 between the Sewer Operating and Water Operating Funds..
- Revenues for sewer usage increased by approximately \$51,000 over original budget projections.

Financial Analysis of the Township's Funds

As noted earlier, St. Joseph Charter Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of St. Joseph Charter Township's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, St. Joseph Charter Township's governmental funds reported combined ending fund balances of \$3,100,244, an increase of \$269,814 in comparison with the prior year. Approximately 98.74% of this amount (\$3,061,084) constitutes unreserved fund balance, which is available for spending at the Township's discretion. However, only \$1,306,174 is allocated to the General Operating Fund. The remainder is restricted to specific funds such as public safety, rubbish collection, building department, and capital projects and cannot be expended for General Operating Purposes. The remainder of fund balance (\$36,160) is reserved Metro Act funds which have strict guidelines from the State of Michigan for ways the Township may spend the monies.

The general operating fund is the chief operating fund of St. Joseph Charter Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,306,174 while total fund balance reached \$1,345,334. As a measure of the general operating fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balances represents 110.9% percent of total general fund expenditures, while total fund balance represents 114.22% percent of that same amount.

The Township's general operating fund's fund balance increased by \$74,641 during the current fiscal year. The key factors in this growth are as follows:

- Of the \$74,641 increase in fund equity, \$39,160 received from the State of Michigan for the Metro Act was reserved to spend in 2005 as these funds must be used for specific expenditures. It was determined that the funds would be reserved and combined with the 2005 receipts so that a larger project (sidewalks, street lighting, or some other public rights-of-way project) could be accomplished.
- To reduce medical costs, a new insurance program was implemented in June 2004 which reduced coverage for the employees by increasing their office visit co-pays and prescription drug co-pay. In addition, employees were required to contribute 10% of the medical, dental, and vision monthly premiums.
- Due to the projected reduction in state revenue sharing, Township department heads were strongly encouraged to reduce their spending on non-salary categories.

- Under the Township's strategic plan, three computers were to be replaced. Due to state revenue sharing uncertainty, these planned purchases for computer equipment were deferred.

The Township's public safety fund's fund balance increased by \$158,623. At the end of the current fiscal year, the unreserved fund balance of the public safety fund was \$460,304. As a measure of the public safety funds liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 33.76% of total public safety expenditures. It is recommended by the Township's auditors that the fund balance should reflect at a minimum 6 months of expenditures or 50%.

The key factors in this growth are as follows:

- To reduce health benefits expenditures, a new insurance program was implemented in June 2004 which reduced coverage for the employees by increasing their office visit co-pays and prescription drug co-pay. In addition, employees were required to contribute 10% of the medical, dental, and vision monthly premiums. This resulted in a \$12,000 reduction in expense.
- Overtime by police officers was \$11,000 less than budgeted and the use of part-time officers was also \$7,000 less than projected.
- Operating supplies, uniforms, and gasoline were \$16,000 less than projected.
- Repairs to vehicles and equipment were \$4,000 under budget.
- Operations for Fire Station #1 were \$27,000 less than projected.
- Operations for Fire Station #2 were \$48,000 less than projected.
- Revenues were \$10,500 greater than projected – Of this amount, there was a \$5,000 increase in interest income due to slightly higher rates and a more level spending pattern.

The Township's Garbage and Rubbish Collection fund's fund balance increased by \$67,533. The key factors in this growth are as follows:

- The new rubbish collection contract was not implemented until October, 2004.
- Revenues were \$10,000 greater than projected – Interest earnings increased by \$4,400 while miscellaneous revenue sources increased by \$4,500.

In the Water Replacement and Improvement Fund, the fund balance increased by \$66,143 due to the increased construction in Shoreham Condos. The interest income also increased by \$3,000 due to slightly higher interest rates.

In the remaining Government funds, the combined fund balances were reduced by \$97,126. The majority of this reduction was from the Sewer Replacement and Improvement fund due to the Hickory Creek Sewer Interceptor improvements.

Proprietary Funds

The Townships' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Operating and Sewer Operating Funds at the end of the year amounted to \$1,757,600. The total growth (decline) in net assets for both funds was \$133,082 and (\$15,282) respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended revenue budget amounted to a decrease of \$28,000 and can be briefly summarized as follows:

- \$50,000 reduction to state revenue sharing
- \$5,000 increase in interest income
- \$21,500 increase in insurance claims reimbursements
- \$5,000 reduction in Entrance Fees – Carronde Park

Differences between the original expenditure budget and the final amended budget amount to an increase of approximately \$60,500 and can be briefly summarized as follows:

- \$3,500 increase in Assessor expenditures
- \$23,000 increase in Township Services for library services
- \$5,500 increase in Election Expense due to special election in February, 2004
- \$2,900 increase in Enforcement Officer expenditures.
- \$27,000 increase in Parks and Recreation

Capital Asset and Debt Administration

St. Joseph Charter Township's investment in capital assets for its governmental and business type activities as of December 31, 2004, amounts to \$4,553,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and equipment, water line improvements, sewer interceptor improvements, park improvements, and the original water and sewer line installation. The total decrease in the Township's investment in capital assets for the current fiscal year was 3.8% (a 1.06% decrease for governmental activities and a 5.37% decrease for business-type activities).

Major capital assets events during the current fiscal year include the following:

- Upgrade Hickory Creek Sewer Interceptor Line
- Completion of the bridge project for the Wilderness Trail

St. Joseph Charter Township's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	FY 2004	FY 2003	FY 2004	FY 2003	FY2004	FY2003
Land	\$ 309,913	\$ 309,216	\$ -	\$ -	\$ 309,913	\$ 309,216
Buildings	749,943	773,767	6,387	7,780	756,330	781,547
Land Improvements	294,757	272,818	-	-	294,757	272,818
Books	144,965	146,987	-	-	144,965	146,987
Vehicles	127,899	141,702	11,254	19,706	139,153	161,408
Furniture and Equipment	77,936	79,364	45,681	55,684	123,617	135,048
Utility systems	-	-	2,784,265	2,926,292	2,784,265	2,926,292
Total Capital Assets	<u>\$1,705,413</u>	<u>\$1,723,854</u>	<u>\$2,847,587</u>	<u>\$3,009,462</u>	<u>\$ 4,553,000</u>	<u>\$ 4,733,316</u>

Additional information of St. Joseph Charter Township's capital assets can be found in Note 4 on pages 23 - 24 of this report.

Long-Term Debt

At the end of the fiscal year, the Township had total long-term notes outstanding of \$126,797 amount is secured by the assets purchased with the note proceeds. The Township had total compensated absences of \$62,309.

St. Joseph Charter Township's debt decreased by \$43,265 during the current fiscal year.

Additional information of St. Joseph Charter Township's debt can be found in note 5 on pages 25 - 26 of this report.

Economic Factors and Next Year's Budget and Rates

- State revenue sharing has been budgeted at the 2004 Amended Budget amount. However, due to current projections of revenue from the State of Michigan, it is anticipated that further reductions may be made resulting in a decrease in anticipated revenues of \$25,000 to \$50,000.
- It is anticipated that medical insurance premiums will increase 10%-15%
- It is anticipated that dental insurance premiums increased 10%
- Property tax revenue for all funds is projected to increase by only 3.9%
- Library services budget was reduced due to uncertainty of open Library contract negotiations.

All of these factors were taken into consideration in preparing the Township's budget for 2005.

During the current fiscal year, unreserved fund balance in the general budget increased to \$1,306,174. Due to the current revenue situation with the State of Michigan, St Joseph Charter Township may need to appropriate, at a minimum, \$100,000 of this amount for spending in the 2005 fiscal year.

The Water Operating Fund will see another 2% increase in water rates.

It is anticipated that a new housing development will begin construction in 2005 along with new commercial development. Therefore, revenues for the Building Department Fund and the Water Replacement and Improvement Fund have been increased for 2005.

Requests for Information

This financial report is designed to provide a general overview of St. Joseph Charter Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be address to:

**Manager
St Joseph Charter Township
3000 Washington Avenue
P O Box 147
St. Joseph, MI 49085**

ST. JOSEPH CHARTER TOWNSHIP
TOWNSHIP BOARD

Ronald A. Griffin Supervisor
Janet M. Helsley Clerk
David Vonk Treasurer
Charles Garlanger Trustee
Gary Bluschke Trustee
Edward A. Sieber..... Trustee
Roger Seely Trustee
James Boothby Manager/Superintendent

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

January 31, 2005

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
St. Joseph Charter Township
St. Joseph, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Joseph Charter Township, as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis information on pages I through XII, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Joseph Charter Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gerbel & Company, P.C.

Right. On time.

ST. JOSEPH CHARTER TOWNSHIP
Statement of Net Assets
December 31, 2004

	Primary Government		
	Governmental	Business-type	
ASSETS	Activities	Activities	Total
Cash	\$ 3,163,524	\$ 1,511,714	\$ 4,675,238
Receivables	1,640,929	182,567	1,823,496
Due from state	110,000	-	110,000
Due from other governments	-	54,060	54,060
Due from other funds	560,610	65,836	626,446
Prepaid expenses	113,432	11,707	125,139
Capital assets (net of related depreciation):			
Land	309,913	-	309,913
Buildings	749,943	6,387	756,330
Land improvements	294,757	-	294,757
Books	144,965	-	144,965
Vehicles	127,899	11,254	139,153
Furniture and equipment	77,936	45,681	123,617
Utility systems	-	2,784,265	2,784,265
Total Assets	\$ 7,293,908	\$ 4,673,471	\$ 11,967,379
LIABILITIES			
Accounts payable	\$ 85,229	\$ 62,120	\$ 147,349
Payroll liabilities	27,227	6,164	33,391
Due to other funds	37,209	-	37,209
Noncurrent liabilities:			
Due within one year	73,562	-	73,562
Due in more than one year	111,561	-	111,561
Total Liabilities	\$ 334,788	\$ 68,284	\$ 403,072
Net Assets			
Invested in capital assets, net of related debt	\$ 1,577,920	\$ 2,847,587	\$ 4,425,507
Restricted for Metro Act	39,160	-	39,160
Unrestricted	5,342,040	1,757,600	7,099,640
TOTAL NET ASSETS	\$ 6,959,120	\$ 4,605,187	\$ 11,564,307

ST. JOSEPH CHARTER TOWNSHIP
Statement of Activities
For the Year Ended December 31, 2004

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Government Activities:				
Legislative	\$ 21,284	\$ -	\$ -	\$ -
General government	923,563	33,369	644,053	-
Public safety	1,550,886	12,549	2,785	-
Public works	444,223	67,011	-	-
Recreation and cultural	175,950	30,653	-	-
Interest on long-term debt	5,287	-	-	-
Total Government Activities	<u>\$ 3,121,193</u>	<u>\$ 143,582</u>	<u>\$ 646,838</u>	<u>\$ -</u>
Business-type Activities:				
Sewer fund	\$ 1,117,890	\$ 964,648	\$ -	\$ -
Water fund	199,324	314,465	-	-
Total Business-type Activities	<u>\$ 1,317,214</u>	<u>\$ 1,279,113</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 4,438,407</u>	<u>\$ 1,422,695</u>	<u>\$ 646,838</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Fines, fees, and forfeits				
Interest				
Gain (loss) on sale				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets - Beginning of Year				
NET ASSETS - END OF YEAR				

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**
Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (21,284)	\$ -	\$ (21,284)
(246,141)	-	(246,141)
(1,535,552)	-	(1,535,552)
(377,212)	-	(377,212)
(145,297)	-	(145,297)
<u>(5,287)</u>	<u>-</u>	<u>(5,287)</u>
<u>\$ (2,330,773)</u>	<u>\$ -</u>	<u>\$ (2,330,773)</u>
\$ -	\$ (153,242)	\$ (153,242)
<u>-</u>	<u>115,141</u>	<u>115,141</u>
\$ -	\$ (38,101)	\$ (38,101)
<u>\$ (2,330,773)</u>	<u>\$ (38,101)</u>	<u>\$ (2,368,874)</u>
\$ 2,310,370	\$ -	\$ 2,310,370
420,893	1,354	422,247
77,407	28,303	105,710
4,287	-	4,287
22,754	16,888	39,642
<u>(109,356)</u>	<u>109,356</u>	<u>-</u>
<u>\$ 2,726,355</u>	<u>\$ 155,901</u>	<u>\$ 2,882,256</u>
\$ 395,582	\$ 117,800	\$ 513,382
<u>6,563,538</u>	<u>4,487,387</u>	<u>11,050,925</u>
<u>\$ 6,959,120</u>	<u>\$ 4,605,187</u>	<u>\$ 11,564,307</u>

**ST. JOSEPH CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Balance Sheet
December 31, 2004**

	<u>General Fund</u>	<u>Public Safety Fund</u>	<u>Garbage and Rubbish Collection Fund</u>
Assets			
Current Assets:			
Cash	\$ 1,160,590	\$ 602,185	\$ 335,078
Receivables	247,407	1,037,442	352,292
Due from state	110,000	-	-
Due from other funds	114,073	333,316	113,221
Prepaid expense	<u>55,835</u>	<u>56,686</u>	<u>-</u>
Total Current Assets	<u>\$ 1,687,905</u>	<u>\$ 2,029,629</u>	<u>\$ 800,591</u>
TOTAL ASSETS	<u>\$ 1,687,905</u>	<u>\$ 2,029,629</u>	<u>\$ 800,591</u>
Liabilities and Fund Balances			
Current Liabilities:			
Accounts payable	\$ 20,282	\$ 3,263	\$ 38,127
Payroll liabilities	6,215	19,158	-
Due to other funds	-	37,208	-
Deferred revenue	<u>316,074</u>	<u>1,509,696</u>	<u>512,816</u>
Total Current Liabilities	<u>\$ 342,571</u>	<u>\$ 1,569,325</u>	<u>\$ 550,943</u>
Total Liabilities	<u>\$ 342,571</u>	<u>\$ 1,569,325</u>	<u>\$ 550,943</u>
Fund Balances:			
Reserved for:			
Restricted purposes	\$ 39,160	\$ -	\$ -
Unreserved, reported in			
General Fund	1,306,174	-	-
Special Revenue	-	460,304	249,648
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ 1,345,334</u>	<u>\$ 460,304</u>	<u>\$ 249,648</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,687,905</u>	<u>\$ 2,029,629</u>	<u>\$ 800,591</u>

The accompanying notes are an integral part of these financial statements.

Water Replacement and Improvement <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ 638,859	\$ 426,812	\$ 3,163,524
-	3,788	1,640,929
-	-	110,000
-	-	560,610
-	911	113,432
<u>\$ 638,859</u>	<u>\$ 431,511</u>	<u>\$ 5,588,495</u>
<u>\$ 638,859</u>	<u>\$ 431,511</u>	<u>\$ 5,588,495</u>
\$ -	\$ 24,026	\$ 85,698
-	1,386	26,759
-	-	37,208
-	-	2,338,586
<u>\$ -</u>	<u>\$ 25,412</u>	<u>\$ 2,488,251</u>
<u>\$ -</u>	<u>\$ 25,412</u>	<u>\$ 2,488,251</u>
\$ -	\$ -	\$ 39,160
-	-	1,306,174
-	116,037	825,989
<u>638,859</u>	<u>290,062</u>	<u>928,921</u>
<u>\$ 638,859</u>	<u>\$ 406,099</u>	<u>\$ 3,100,244</u>
<u>\$ 638,859</u>	<u>\$ 431,511</u>	<u>\$ 5,588,495</u>

ST. JOSEPH CHARTER TOWNSHIP
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
For the Year Ended December 31, 2004

Fund balances of governmental funds	\$ 3,100,244
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Governmental funds report outlay as expenditures, but they are recorded as capital assets in the Government-Wide statements and depreciated over their useful lives.	1,705,413
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Long-term liabilities are not due and payable in the current period nor are they reflected as reductions to debt in the funds.	(185,123)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>2,338,586</u>
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Net assets of governmental activities	<u>\$ 6,959,120</u>
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**ST. JOSEPH CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended December 31, 2004**

	<u>General Fund</u>	<u>Public Safety Fund</u>	<u>Garbage and Rubbish Collection Fund</u>
Revenues:			
Taxes	\$ 362,835	\$ 1,455,464	\$ 493,811
State revenues	683,713	2,785	-
Charges for services	-	2,745	-
Rent	-	-	-
Fines, fees and forfeits	85,858	21,027	-
Reimbursements	52,166	-	-
Special assessments	4,404	-	-
Contributions	1,241	-	-
Interest	40,526	15,364	6,900
Other	<u>21,722</u>	<u>18,075</u>	<u>8,011</u>
Total Revenues	<u>\$ 1,252,465</u>	<u>\$ 1,515,460</u>	<u>\$ 508,722</u>
Expenditures:			
Current:			
Legislative	\$ 21,283	\$ -	\$ -
General government	903,768	-	-
Public safety	63,267	1,336,100	-
Public works	-	-	441,189
Recreation and cultural	189,506	-	-
Debt service:			
Principal retirement	-	25,000	-
Interest	<u>-</u>	<u>2,337</u>	<u>-</u>
Total Expenditures	<u>\$ 1,177,824</u>	<u>\$ 1,363,437</u>	<u>\$ 441,189</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 74,641</u>	<u>\$ 152,023</u>	<u>\$ 67,533</u>
Other Financing Sources (Uses)			
Operating transfers in	\$ -	\$ -	\$ -
Operating transfers out	-	-	-
Proceeds from sale of assets	<u>-</u>	<u>6,600</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 6,600</u>	<u>\$ -</u>
Net Change in Fund Balance	\$ 74,641	\$ 158,623	\$ 67,533
Fund Balances - Beginning of the Year	<u>1,270,693</u>	<u>301,681</u>	<u>182,115</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,345,334</u>	<u>\$ 460,304</u>	<u>\$ 249,648</u>

The accompanying notes are an integral part of these financial statements.

Water Replacement and Improvement <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ -	\$ 2,312,110
-	-	686,498
59,000	-	61,745
-	30,036	30,036
-	152,647	259,532
-	-	52,166
-	-	4,404
-	-	1,241
7,145	7,824	77,759
-	-	47,808
<u>\$ 66,145</u>	<u>\$ 190,507</u>	<u>\$ 3,533,299</u>

\$ -	\$ -	\$ 21,283
-	1,441	905,209
-	155,617	1,554,984
2	1	441,192
-	3	189,509
-	18,265	43,265
-	2,950	5,287
<u>\$ 2</u>	<u>\$ 178,277</u>	<u>\$ 3,160,729</u>

<u>\$ 66,143</u>	<u>\$ 12,230</u>	<u>\$ 372,570</u>
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\$ -	\$ 29,630	\$ 29,630
-	(138,986)	(138,986)
-	-	6,600

<u>\$ -</u>	<u>\$ (109,356)</u>	<u>\$ (102,756)</u>
-------------	---------------------	---------------------

\$ 66,143	\$ (97,126)	\$ 269,814
-----------	-------------	------------

<u>572,716</u>	<u>503,225</u>	<u>2,830,430</u>
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<u>\$ 638,859</u>	<u>\$ 406,099</u>	<u>\$ 3,100,244</u>
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ST. JOSEPH CHARTER TOWNSHIP
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2004

Net change in fund balances - total governmental funds	\$	269,814
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Amounts reported for *governmental activities* in the statement of activities are different because:

Government funds report capital outlay as expenditures, but they are recorded as capital assets in the Government-Wide statements and depreciated over their useful lives. This is the amount by which depreciation exceeded capital outlays in the current period.		(3,728)
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Long-term liabilities are not due and payable in the current period nor are they reflected as reductions to debt in the funds.		43,265
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reportable as expenditures in governmental funds.		-
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The net effect of trade-ins and sales involving capital assets is to decrease net assets.		(14,714)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		100,945
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Changes in net assets of governmental activities	\$	<u>395,582</u>
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**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 343,940	\$ 344,540	\$ 362,835	\$ 18,295
State revenues	702,100	652,100	683,713	31,613
Fines, fees, and forfeitures	76,000	76,000	85,858	9,858
Reimbursements	18,000	39,500	52,166	12,666
Special assessments	3,000	3,000	4,404	1,404
Contributions	-	-	1,241	1,241
Interest	15,800	20,800	40,526	19,726
Other	29,000	23,900	21,722	(2,178)
Total Revenues	<u>\$ 1,187,840</u>	<u>\$ 1,159,840</u>	<u>\$ 1,252,465</u>	<u>\$ 92,625</u>
Expenditures:				
Current:				
Legislative	\$ 20,500	\$ 22,150	\$ 21,283	\$ 867
General government	961,250	989,811	903,768	86,043
Public safety	61,870	64,770	63,267	1,503
Recreation and cultural	172,835	200,207	189,506	10,701
Total Expenditures	<u>\$ 1,216,455</u>	<u>\$ 1,276,938</u>	<u>\$ 1,177,824</u>	<u>\$ 99,114</u>
Net Change in Fund Balances	<u>\$ (28,615)</u>	<u>\$ (117,098)</u>	<u>\$ 74,641</u>	<u>\$ 191,739</u>
Fund Balances - Beginning of Year	<u>1,270,693</u>	<u>1,270,693</u>	<u>1,270,693</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,242,078</u>	<u>\$ 1,153,595</u>	<u>\$ 1,345,334</u>	<u>\$ 191,739</u>

The accompanying notes are an integral part of these financial statements.

**ST. JOSEPH CHARTER TOWNSHIP
PUBLIC SAFETY FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 1,439,875	\$ 1,451,875	\$ 1,455,464	\$ 3,589
State revenues	2,000	2,000	2,785	785
Charges for services	1,000	1,000	2,745	1,745
Fines, fees, and forfeitures	22,100	24,600	21,027	(3,573)
Interest	10,000	10,000	15,364	5,364
Other	3,025	15,425	18,075	2,650
Total Revenues	<u>\$ 1,478,000</u>	<u>\$ 1,504,900</u>	<u>\$ 1,515,460</u>	<u>\$ 10,560</u>
Expenditures:				
Current:				
Police	\$ 1,206,610	\$ 1,202,817	\$ 1,117,835	\$ 84,982
Fire Station #1	118,032	119,577	92,309	27,268
Fire Station #2	115,926	117,471	68,633	48,838
Ambulance	55,231	57,331	57,323	8
Debt service:				
Principal	25,000	25,000	25,000	-
Interest	2,343	2,343	2,337	6
Total Expenditures	<u>\$ 1,523,142</u>	<u>\$ 1,524,539</u>	<u>\$ 1,363,437</u>	<u>\$ 161,102</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (45,142)</u>	<u>\$ (19,639)</u>	<u>\$ 152,023</u>	<u>\$ 171,662</u>
Other Financing Sources (Uses)				
Proceeds from sale of assets	\$ -	\$ 6,600	\$ 6,600	\$ -
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 6,600</u>	<u>\$ 6,600</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ (45,142)</u>	<u>\$ (13,039)</u>	<u>\$ 158,623</u>	<u>\$ 171,662</u>
Fund Balances - Beginning of Year	<u>301,681</u>	<u>301,681</u>	<u>301,681</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 256,539</u>	<u>\$ 288,642</u>	<u>\$ 460,304</u>	<u>\$ 171,662</u>

The accompanying notes are an integral part of these financial statements.

**ST. JOSEPH CHARTER TOWNSHIP
GARBAGE AND RUBBISH COLLECTION FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 488,810	\$ 492,810	\$ 493,811	\$ 1,001
Interest	-	2,500	6,900	4,400
Other	-	3,500	8,011	4,511
Total Revenues	<u>\$ 488,810</u>	<u>\$ 498,810</u>	<u>\$ 508,722</u>	<u>\$ 9,912</u>
Expenditures:				
Current:				
Public works	<u>\$ 457,500</u>	<u>\$ 457,500</u>	<u>\$ 441,189</u>	<u>\$ 16,311</u>
Total Expenditures	<u>\$ 457,500</u>	<u>\$ 457,500</u>	<u>\$ 441,189</u>	<u>\$ 16,311</u>
Net Change in Balances	\$ 31,310	\$ 41,310	\$ 67,533	\$ 26,223
Fund Balances - Beginning of Year	<u>182,115</u>	<u>182,115</u>	<u>182,115</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 213,425</u>	<u>\$ 223,425</u>	<u>\$ 249,648</u>	<u>\$ 26,223</u>

**ST. JOSEPH CHARTER TOWNSHIP
PROPRIETARY FUNDS
Statement of Net Assets
For the Year Ended December 31, 2004**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
Assets			
Current Assets:			
Cash	\$ 471,126	\$ 1,040,588	\$ 1,511,714
Receivables	140,449	42,118	182,567
Due from other funds	54,195	11,641	65,836
Due from other governments	25,196	28,864	54,060
Prepaid expenses	<u>11,707</u>	<u>-</u>	<u>11,707</u>
Total Current Assets	<u>\$ 702,673</u>	<u>\$ 1,123,211</u>	<u>\$ 1,825,884</u>
Noncurrent Assets:			
Buildings	\$ 34,825	\$ -	\$ 34,825
Vehicles	107,767	-	107,767
Furniture and equipment	151,411	-	151,411
Utility systems	7,235,748	4,447,039	11,682,787
Accumulated depreciation	<u>(5,707,547)</u>	<u>(3,421,656)</u>	<u>(9,129,203)</u>
Total Noncurrent Assets	<u>\$ 1,822,204</u>	<u>\$ 1,025,383</u>	<u>\$ 2,847,587</u>
Total Assets	<u>\$ 2,524,877</u>	<u>\$ 2,148,594</u>	<u>\$ 4,673,471</u>
Liabilities and Fund Balances			
Current Liabilities:			
Accounts payable	\$ 62,120	\$ -	\$ 62,120
Payroll liabilities	<u>6,164</u>	<u>-</u>	<u>6,164</u>
Total Current Liabilities	<u>\$ 68,284</u>	<u>\$ -</u>	<u>\$ 68,284</u>
Total Liabilities	<u>\$ 68,284</u>	<u>\$ -</u>	<u>\$ 68,284</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 1,822,204	\$ 1,025,383	\$ 2,847,587
Unrestricted	<u>634,389</u>	<u>1,123,211</u>	<u>1,757,600</u>
TOTAL NET ASSETS	<u>\$ 2,456,593</u>	<u>\$ 2,148,594</u>	<u>\$ 4,605,187</u>

The accompanying notes are an integral part of these financial statements.

**ST. JOSEPH CHARTER TOWNSHIP
PROPRIETARY FUNDS
Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended December 31, 2004**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues:			
Charges for services	\$ 963,518	\$ 314,465	\$ 1,277,983
Tap charges	1,130	-	1,130
Assessments	1	-	1
Inspection fees	-	1,354	1,354
	<u>-</u>	<u>1,354</u>	<u>1,354</u>
Total Operating Revenues	<u>\$ 964,649</u>	<u>\$ 315,819</u>	<u>\$ 1,280,468</u>
Operating Expenses:			
Water	\$ -	\$ 88,261	\$ 88,261
Sewer	915,841	-	915,841
Depreciation	202,049	111,063	313,112
	<u>202,049</u>	<u>111,063</u>	<u>313,112</u>
Total Operating Expenses	<u>\$ 1,117,890</u>	<u>\$ 199,324</u>	<u>\$ 1,317,214</u>
Operating Income (Loss)	<u>\$ (153,241)</u>	<u>\$ 116,495</u>	<u>\$ (36,746)</u>
Nonoperating Revenue (Expenses):			
Interest income	\$ 11,716	\$ 16,587	\$ 28,303
Reimbursements	16,673	-	16,673
Miscellaneous	214	-	214
	<u>214</u>	<u>-</u>	<u>214</u>
Total Nonoperating Revenue (Expenses)	<u>\$ 28,603</u>	<u>\$ 16,587</u>	<u>\$ 45,190</u>
Income (Loss) Before Transfers	<u>\$ (124,638)</u>	<u>\$ 133,082</u>	<u>\$ 8,444</u>
Operating transfers in	138,986	-	138,986
Operating transfers out	(29,630)	-	(29,630)
	<u>138,986</u>	<u>-</u>	<u>138,986</u>
Change in Net Assets	<u>\$ (15,282)</u>	<u>\$ 133,082</u>	<u>\$ 117,800</u>
Total Net Assets - Beginning of Year	<u>2,471,875</u>	<u>2,015,512</u>	<u>4,487,387</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 2,456,593</u>	<u>\$ 2,148,594</u>	<u>\$ 4,605,187</u>

The accompanying notes are an integral part of these financial statements.

**ST. JOSEPH CHARTER TOWNSHIP
PROPRIETARY FUNDS
Combining Statement of Cash Flows
For the Year Ended December 31, 2004**

	Business - Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 948,605	\$ 308,801	\$ 1,257,406
Payments to employees	(112,438)	-	(112,438)
Payments of benefits on behalf of employees	(46,741)	-	(46,741)
Payments to suppliers	(705,829)	(26,894)	(732,723)
Payments to LMSW & STA	(97,179)	(72,274)	(169,453)
Net cash provided (used) by operating activities	<u>\$ (13,582)</u>	<u>\$ 209,633</u>	<u>\$ 196,051</u>
Cash Flows From Noncapital Financing Activities:			
Transfer from other funds	\$ 138,986	\$ -	\$ 138,986
Transfer to other funds	(29,630)	-	(29,630)
Net cash provided (used) by noncapital financing activities	<u>\$ 109,356</u>	<u>\$ -</u>	<u>\$ 109,356</u>
Cash Flows From Capital and Related Financing Activities:			
Interest received on special assessments	\$ 11,716	\$ 16,587	\$ 28,303
Purchase of fixed assets	(151,236)	-	(151,236)
Reimbursements	16,673	-	16,673
Miscellaneous	214	-	214
Net cash provided (used) by capital and related financing activities	<u>\$ (122,633)</u>	<u>\$ 16,587</u>	<u>\$ (106,046)</u>
Net increase (decrease) in cash and cash equivalents	\$ (26,859)	\$ 226,220	\$ 199,361
Balances - Beginning of Year	<u>497,985</u>	<u>814,368</u>	<u>1,312,353</u>
BALANCES - END OF YEAR	<u>\$ 471,126</u>	<u>\$ 1,040,588</u>	<u>\$ 1,511,714</u>

The accompanying notes are an integral part of these financial statements.

**ST. JOSEPH CHARTER TOWNSHIP
PROPRIETARY FUNDS
Combining Statement of Cash Flows
For the Year Ended December 31, 2004**

	Business - Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (153,241)	\$ 116,495	\$ (36,746)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expenses	\$ 202,049	\$ 111,063	\$ 313,112
(Increase) decrease in:			
Receivables	27,130	23,654	50,784
Due from other funds	(17,979)	(1,809)	(19,788)
Due from other governments	(25,196)	(28,864)	(54,060)
Prepaid expenses	(9,028)	2,818	(6,210)
Increase (decrease) in:			
Accounts payable	(38,432)	(13,724)	(52,156)
Salaries payable	1,115	-	1,115
Total adjustments	\$ 139,659	\$ 93,138	\$ 232,797
Net cash provided (used) by operating activities	\$ (13,582)	\$ 209,633	\$ 196,051

**ST. JOSEPH CHARTER TOWNSHIP
FIDUCIARY FUNDS
Statement of Net Assets
December 31, 2004**

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 1,098,285
Total Assets	<u>\$ 1,098,285</u>
Liabilities	
Undistributed taxes, interest, licenses and revenues	\$ 479,288
Due to other governments	29,759
Due to other funds	<u>589,238</u>
Total Liabilities	<u>\$ 1,098,285</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by St. Joseph Charter Township, Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

A. Reporting Entity

In evaluating how to define the Township's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Township's reporting entity.

St. Joseph Charter Township Sanitation Authority and Lake Michigan Shoreline Water & Sewage Treatment Authority. These potential component units are disclosed as joint ventures because the Township; (1) selects governing authority, (2) approves the budget, (3) is responsible for fund deficits, and (4) provides subsidies. See Note 5 for further information on the joint ventures.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Township. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

St. Joseph Charter Township reports the following major governmental funds:

The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Public Safety Fund** is used to account for the police department, as well as the two fire stations.

The **Garbage and Rubbish Collection Fund** is used to account for the collection of garbage and rubbish within the Township.

The **Water Replacement and Improvement Fund** is used to account for the capital improvements and future replacement of the water lines.

St. Joseph Charter Township reports the following major proprietary funds:

The **Water Operating Fund** accounts for the activities related to the Township's share of the Lake Michigan Shoreline Water and Sewage Treatment Authority's water production, purification, distribution, and billing.

The **Sewer Operating Fund** accounts for the activities related to the Township's share of the Lake Michigan Shoreline Water and Sewage Treatment Authority's sanitary collections system and wastewater treatment.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued

Additionally, St. Joseph Charter Township reports the following fund type:

The **Agency Funds** are used to account for assets as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgetary Data

At an October meeting the Manager/Superintendent submits to the Township Board a proposed operating budget for the calendar year. The operating budget includes proposed expenditures and the means of financing them for all governmental and proprietary fund types. Public hearings are then conducted at the Township Hall to obtain taxpayer comments. Prior to October 31, the budget is legally enacted on a summary budget basis through passage of a resolution.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by St. Joseph Charter Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Capital Assets - Continued

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	3-12 years
Utility Systems	10-40 years
Land Improvements	15-25 years
Library Books	10 years

F. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statements of net assets. Bonds premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

G. Property Taxes

Township property taxes are levied on December 1 and are payable without penalty through February 15. The Township bills and collects its own property taxes and also taxes for the County and several school districts within its jurisdiction. Collections and remittances of all taxes are accounted for in the Current Tax Agency Fund. Township property tax revenues are recognized as revenues in the calendar year following the levy date.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Sanitation and Water Billings

The Township has contracts with the City of Benton Harbor and the City of St. Joseph for Sanitation Supply System and Water Supply System billings. The Cities collect the billings and remit their portion to the Township according to the contracts.

The Township has an agreement with the City of Benton Harbor to deposit all of their collections in the escrow account. The authority to dispense these collections to the City and Township rests solely with St. Joseph Charter Township. Currently, the Township is making distributions from the escrow account based on actual collection reports provided by the City of Benton Harbor.

I. Investments

Investments are stated at cost or amortized cost, which approximates market.

All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

NOTE 2 - CASH DEPOSITS

The Township's deposits, which include cash and certificates of deposit, are carried at cost. Act 217, PA 1982, authorizes the Township to deposit and invest in the accounts of Federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Township's deposits are in accordance with statutory authority at December 31, 2004.

Year-End Deposits

At year-end, the deposits consisted of the following components:

	Carrying Amount		
	Primary Government	Fiduciary Funds	Total
Bank deposits	\$ 4,674,838	\$ 1,098,285	\$ 5,773,123
Petty cash	400	-	400
Cash and Cash Equivalents as reported in statements	\$ 4,675,238	\$ 1,098,285	\$ 5,773,523
Less: Petty cash	(400)	-	(400)
Total Deposits	<u>\$ 4,674,838</u>	<u>\$ 1,098,285</u>	<u>\$ 5,773,123</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2004

NOTE 2 - CASH DEPOSITS - Continued

Year-End Deposits - Continued

For the bank deposits and certificates of deposit, \$386,207 was covered by federal depository insurance and \$5,781,765 was uninsured. The bank balances are categorized to give an indication of the level of risk assumed by the entity at year-end.

	<u>Carrying Amount</u>	<u>Bank Balances</u>
Primary Government		
Amount insured by the FDIC	\$ 386,207	\$ 386,207
Uncollateralized and uninsured	<u>4,288,631</u>	<u>4,523,186</u>
Total Primary Government	<u>\$ 4,674,838</u>	<u>\$ 4,909,393</u>
Fiduciary Funds		
Amount insured by the FDIC	\$ -	\$ -
Uncollateralized and uninsured	<u>1,098,285</u>	<u>872,372</u>
Total Fiduciary Funds	<u>\$ 1,098,285</u>	<u>\$ 872,372</u>
Total Reporting Entity	<u>\$ 5,773,123</u>	<u>\$ 5,781,765</u>

NOTE 3 - JOINT VENTURES

St. Joseph Charter Township Sanitation Authority

On March 18, 1968, the Township of St. Joseph and Village of Shoreham entered into a joint venture to form a joint sanitation authority. The purpose of the Authority is to provide a rubbish collection and disposal service to the municipalities' residents.

The governing board consists of three members. St. Joseph Charter Township selects two members and the Village of Shoreham selects one member.

St. Joseph Charter Township levies taxes to finance the rubbish collection and disposal services. The Authority contracts with an outside sanitary refuse business to provide the service and receives payment from the Township for the amount of the contracted services. Beginning in March of 1995, invoices were turned over to the Township for payment.

Lake Michigan Shoreline Water & Sewage Treatment Authority

On July 18, 1964, the Townships of St. Joseph and Lincoln, and Villages of Shoreham and Stevensville formed a joint venture to acquire, improve, extend and operate a water supply and sewage disposal system. In January 2000, Royalton Township also joined the Authority.

The governing body consists of eight members. Each township selects two members and each village selects one member. From these eight members a Chairman, Vice-Chairman, Secretary and Treasurer are selected.

An annual budget is submitted to and approved by the Authority. Once this has been completed, the budget is reviewed by each respective municipality for approval.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2004

NOTE 3 - JOINT VENTURES - Continued

Lake Michigan Shoreline Water & Sewage Treatment Authority - Continued

The member contribution percentages for the year ended December 31, 2004, are as follows: St. Joseph Charter Township - 35%, Lincoln Township - 57%, and Royalton Township - 8%.

The following is audited financial information from the Lake Michigan Shoreline Water & Sewage Treatment Authority for the year ended June 30, 2004. A copy of the audited financial report is available for review at the Township office.

Assets	\$ 135,599
Liabilities	37,685
Fund Equity	97,914
Revenues	846,039
Expenditures	987,513
Increase in Fund Equity	(141,474)

NOTE 4 - CAPITAL ASSETS

Capital assets activities for the year ended December 31, 2004 were as follows:

	<u>Balance</u> <u>January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2004</u>
Governmental Activities				
Land	\$ 309,216	\$ 697	\$ -	\$ 309,913
Buildings	\$ 1,250,406	\$ -	\$ -	\$ 1,250,406
Land Improvements	454,888	41,552	-	496,440
Books	586,518	30,230	-	616,748
Vehicles	823,881	42,222	(41,427)	824,676
Furniture and Equipment	183,809	6,440	-	190,249
Subtotal	\$ 3,299,502	\$ 120,444	\$ (41,427)	\$ 3,378,519
Less: Accumulated Depreciation	(1,884,864)	(124,869)	26,714	(1,983,019)
Total Capital Assets Other Than Land	\$ 1,414,638	\$ (4,425)	\$ (14,713)	\$ 1,395,500

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2004

NOTE 4 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2004</u>
Business Activities				
Buildings	\$ 34,825	\$ -	\$ -	\$ 34,825
Furniture and Equipment	151,411	-	-	151,411
Vehicles	107,767	-	-	107,767
Utility Systems	<u>11,531,551</u>	<u>151,236</u>	<u>-</u>	<u>11,682,787</u>
Subtotal	\$ 11,825,554	\$ 151,236	\$ -	\$ 11,976,790
Less: Accumulated Depreciation	<u>(8,816,092)</u>	<u>(313,111)</u>	<u>-</u>	<u>(9,129,203)</u>
Total Capital Assets	<u>\$ 3,009,462</u>	<u>\$ (161,875)</u>	<u>\$ -</u>	<u>\$ 2,847,587</u>

Depreciation expense was charged in the following functions in the statement of activities:

Governmental functions:

General government	\$ 49,282
Public safety	44,563
Public works	3,031
Recreation and cultural	<u>27,993</u>

Total	<u>\$ 124,869</u>
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Business-type functions:

Water	\$ 111,063
Sewer	<u>202,048</u>

Total	<u>\$ 313,111</u>
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ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2004

NOTE 5 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government for the year ended December 31, 2004:

	<u>Installment Purchase Agreement</u>	<u>Capital Lease</u>	<u>Compensated Absences</u>
As of January 1, 2004	\$ 95,062	\$ 75,000	\$ 62,309
Additions	-	-	-
(Reductions)	<u>18,265</u>	<u>25,000</u>	<u>-</u>
As of December 31, 2004	<u>\$ 76,797</u>	<u>\$ 50,000</u>	<u>\$ 62,309</u>

Long-term debt at December 31, 2004 is comprised of the following individual issues:

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2004</u>	<u>Due Within One Year</u>
Governmental Activities - Primary Activities					
\$112,717 2002 installment purchase agreement to Fifth Third Bank due in monthly installments of \$1,768 through November 27, 2008; interest at 3.40% - St. Joseph Charter Township Improvement Fund	\$ 95,062	\$ -	\$ (18,265)	\$ 76,797	\$ 18,897
\$100,000 capital lease to Fifth Third Bank due in semi-annual installments of \$12,500 through August 15, 2006; interest at 3.35% - Public Safety Fund	75,000	-	(25,000)	50,000	25,000
Compensated Absences - General Fund, Public Safety, Building Department	<u>58,327</u>	<u>-</u>	<u>-</u>	<u>58,327</u>	<u>29,665</u>
Total Primary Government	<u>\$ 228,389</u>	<u>\$ -</u>	<u>\$ (43,265)</u>	<u>\$ 185,124</u>	<u>\$ 73,562</u>
Business Activities					
Compensated Absences - Water Fund, Sewer Fund	<u>\$ 3,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,982</u>	<u>\$ 3,982</u>
Total Business Activities	<u>\$ 3,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,982</u>	<u>\$ 3,982</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2004

NOTE 5 - CHANGES IN LONG-TERM DEBT

Annual debt service requirements to maturity for the above obligations, excluding compensated absences, are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 43,897	\$ 3,806
2006	44,551	2,305
2007	20,225	991
2008	<u>18,124</u>	<u>295</u>
Total	<u>\$ 126,797</u>	<u>\$ 7,397</u>

NOTE 6 - PENSION PLAN

The Township contributes to the St. Joseph Charter Township defined contribution pension plan, which is administered by Manulife Insurance Company. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined. The benefits a participant will receive depend solely on the amount contributed to the participant's accounts, the return on those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All full-time employees of the Township are eligible to participate in the defined contribution plan. Contributions made by the employee and the Township vest immediately. An employee who leaves the employment of the Township is entitled to his or her contributions and the Township's contributions if vesting requirements are satisfied. The Township is required to contribute an amount equal to 14% of the employee's base pay. Employees of the Township are not required to contribute to the defined contribution pension plan. However, they are allowed to make contributions of up to 10% of their base pay.

During the year, the Township's required contribution amounted to \$147,996 which was 14% of its current year covered payroll of \$1,057,116. The contributions actually made during the year amounted to \$153,585. There were three employees who contributed \$5,589 for 2004.

No pension provision changes occurred during the year that affected the required contributions by the Township or its employees.

The plan held no securities of the Township or other related parties during the year or as of December 31, 2004.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2004

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2004, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Public Safety	\$ 36,222
	Trust and Agency	146
	Current Tax	77,524
	Benton Harbor Escrow	181
Public Safety	Current Tax	333,316
Garbage and Rubbish Collection	Current Tax	113,221
Sewer Operating	Public Safety	986
	Benton Harbor Escrow	42,884
	Current Tax	10,325
Water Operating	Benton Harbor Escrow	9,744
	Current Tax	1,897
Total		<u>\$ 626,446</u>

During the year, the following transfers were made between funds:

From Sewer Operating Fund	
To Sewer Replacement Fund - For replacement cost	\$ 29,630
From Sewer Replacement Fund	
To Sewer Operating Fund	<u>138,986</u>
Total Transfers Between Funds	<u>\$ 168,616</u>

NOTE 8 - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with the provisions of the Internal Revenue Code Section 457. As a result of federal legislation with regard to Internal Revenue Code Section 457, the Township no longer has the rights to the assets of the deferred compensation plan. The assets of the plan have been transferred into individual trust accounts of the employees and are not subject to the claims of the general creditors of the Township. Therefore, the Township is not required to account for the deferred compensation plan.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2004

NOTE 9 - DEPOSIT - BERRIEN COUNTY ROAD COMMISSION

On an annual basis, St. Joseph Charter Township places on deposit with the Berrien County Road Commission money for local road construction work. The County matches certain funds 100%.

NOTE 10 - RISK MANAGEMENT

The Township carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

NOTE 11 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against the Township. In the opinion of management and legal counsel, all such matters are covered by insurance or if not so covered, are without merit and, in any event, their ultimate resolution will not have a material effect on the Township's financial position or operations.

NOTE 12 - EXPENDITURES OVER BUDGET

P.A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved General Fund budget of the Township was adopted at the department level. During the year ended December 31, 2004, the Township incurred expenditures in certain budgetary functions, which were in excess of the amount appropriated as follows:

	<u>Activity</u> <u>Appropriation</u>		<u>Activity</u> <u>Expenditures</u>		<u>Negative</u> <u>Budget Activity</u>
Building Department	\$ 136,415	\$	140,436	\$	(4,021)
Maiden Lane Community Park Fund	-		3		(3)

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Description of Funds**

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Police Training Fund - This fund is used to account for revenues collected and monies expended for the purpose of police officer training as provided by the Federal Government.

Police Drug Forfeiture Fund - This fund is used to account for revenues collected and monies expended under specific forfeiture laws.

Building Department Fund - This fund is used to account for revenues collected and monies expended for the purpose of funding planning, zoning and inspection functions.

Maiden Lane Community Park Development Fund - This fund is used to account for construction of a soccer complex and park.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Fire Improvement Fund - This fund is used to account for the capital improvements to the fire departments.

St. Joseph Charter Township Improvement Fund - This fund is used to account for the acquisition of tax sale properties and the subsequent improvement or sale of these properties.

Sewer Replacement and Improvement Fund - This fund is used to account for the capital improvements and future replacement of sewer lines.

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
December 31, 2004**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 136,750	\$ 290,062	\$ 426,812
Accounts receivable	3,788	-	3,788
Prepaid expense	911	-	911
	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	\$ 141,449	\$ 290,062	\$ 431,511
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ 141,449	\$ 290,062	\$ 431,511
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES AND FUND BALANCE			
Current Liabilities:			
Accounts payable	\$ 24,026	\$ -	\$ 24,026
Payroll liabilities	1,386	-	1,386
	<u> </u>	<u> </u>	<u> </u>
Total Current Liabilities	\$ 25,412	\$ -	\$ 25,412
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	\$ 25,412	\$ -	\$ 25,412
	<u> </u>	<u> </u>	<u> </u>
Fund Balances:			
Unreserved, reported in			
Special Revenue	\$ 116,037	\$ -	\$ 116,037
Capital Projects	-	290,062	290,062
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	\$ 116,037	\$ 290,062	\$ 406,099
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 141,449	\$ 290,062	\$ 431,511
	<u> </u>	<u> </u>	<u> </u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2004**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Rent	\$ -	\$ 30,036	\$ 30,036
Fines, fees and forfeits	152,647	-	152,647
Interest	4,313	3,511	7,824
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 156,960	\$ 33,547	\$ 190,507
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Current:			
General government	\$ -	\$ 1,441	\$ 1,441
Public safety	146,315	9,302	155,617
Public works	-	1	1
Recreation and cultural	3	-	3
Debt service:			
Principal retirement	-	18,265	18,265
Interest	-	2,950	2,950
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ 146,318	\$ 31,959	\$ 178,277
	<u> </u>	<u> </u>	<u> </u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 10,642	\$ 1,588	\$ 12,230
	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources (Uses)			
Operating transfers in	\$ -	\$ 29,630	\$ 29,630
Operating transfers out	-	(138,986)	(138,986)
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	\$ -	\$ (109,356)	\$ (109,356)
	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balances	\$ 10,642	\$ (107,768)	\$ (97,126)
	<u> </u>	<u> </u>	<u> </u>
Fund Balances - Beginning of Year	105,395	397,830	503,225
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES - END OF YEAR	\$ 116,037	\$ 290,062	\$ 406,099
	<u> </u>	<u> </u>	<u> </u>

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Revenues, Compared to Budget
For the Year Ended December 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Taxes			
Current	\$ 236,540	\$ 240,849	\$ 4,309
Collection fees, interest and penalties	97,600	111,713	14,113
Delinquent	<u>10,400</u>	<u>10,273</u>	<u>(127)</u>
Total Taxes	<u>\$ 344,540</u>	<u>\$ 362,835</u>	<u>\$ 18,295</u>
State grants			
State income, sales and single business tax	<u>\$ 652,100</u>	<u>\$ 683,713</u>	<u>\$ 31,613</u>
Interest	<u>\$ 20,800</u>	<u>\$ 40,526</u>	<u>\$ 19,726</u>
Other			
Contributions:			
Private sources	\$ -	\$ 1,241	\$ 1,241
Fines, fees and forfeitures	76,000	85,858	9,858
Reimbursements	39,500	52,166	12,666
Special assessments	3,000	4,404	1,404
Miscellaneous	<u>23,900</u>	<u>21,722</u>	<u>(2,178)</u>
Total Other	<u>\$ 142,400</u>	<u>\$ 165,391</u>	<u>\$ 22,991</u>
TOTAL REVENUES	<u>\$ 1,159,840</u>	<u>\$ 1,252,465</u>	<u>\$ 92,625</u>

ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2004
With Comparative Totals for the Year Ended December 31, 2003

	<u>2004</u>		<u>Variance -</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2003</u>
			<u>(Negative)</u>	<u>Actual</u>
Legislative				
Township Board				
Salaries - Elected officials	\$ 18,000	\$ 18,000	\$ -	\$ 18,000
Employer's social security contributions	1,400	1,377	23	1,377
Education and travel	1,650	1,630	20	2,571
Office supplies	600	48	552	133
Miscellaneous	500	228	272	-
Total Legislative	<u>\$ 22,150</u>	<u>\$ 21,283</u>	<u>\$ 867</u>	<u>\$ 22,081</u>
General Government				
Supervisor				
Salaries - Elected officials	\$ 15,000	\$ 15,000	\$ -	\$ 15,000
Communications	600	184	416	465
Employer's social security contributions	1,200	1,148	52	1,445
Education and travel	875	846	29	1,265
Office supplies	500	-	500	211
Miscellaneous	500	-	500	23
Total Supervisor	<u>\$ 18,675</u>	<u>\$ 17,178</u>	<u>\$ 1,497</u>	<u>\$ 18,409</u>
Clerk				
Salaries and wages:				
Elected officials	\$ 14,500	\$ 14,500	\$ -	\$ 14,500
Full-time employees	38,162	39,221	(1,059)	36,200
Part-time employees	1,300	1,200	100	1,297
Overtime	750	1,719	(969)	-
Longevity	954	947	7	928
Employer's social security contributions	4,220	4,394	(174)	4,049
Hospitalization and life insurance	12,332	11,111	1,221	11,223
Retirement contribution	5,302	5,302	-	5,941
Office supplies	1,000	343	657	239
Education and travel	3,025	2,947	78	4,470
Communications	100	138	(38)	-
Contractual services	650	480	170	520
Printing and publishing	4,500	2,520	1,980	3,642
Miscellaneous	-	54	(54)	-
Total Clerk	<u>\$ 86,795</u>	<u>\$ 84,876</u>	<u>\$ 1,919</u>	<u>\$ 83,009</u>

ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2004
With Comparative Totals for the Year Ended December 31, 2003

	<u>2004</u>		<u>Variance -</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2003</u>
			<u>(Negative)</u>	<u>Actual</u>
General Government, continued				
Treasurer				
Salaries and wages:				
Elected officials	\$ 14,500	\$ 14,500	\$ -	\$ 14,500
Full-time employees	38,162	38,020	142	37,271
Part-time employees	-	340	(340)	608
Overtime	250	354	(104)	-
Longevity pay	3,816	3,787	29	3,713
Employer's social security contributions	4,341	4,372	(31)	4,255
Hospitalization and life insurance	13,294	12,192	1,102	12,322
Retirement contribution	5,302	5,302	-	5,941
Computer services	17,000	15,458	1,542	15,043
Office supplies	2,500	1,946	554	2,512
Postage	5,000	4,784	216	4,781
Education and travel	1,380	1,287	93	3,173
Miscellaneous	100	233	(133)	126
Total Treasurer	<u>\$ 105,645</u>	<u>\$ 102,575</u>	<u>\$ 3,070</u>	<u>\$ 104,245</u>
Administrative and Office				
Salaries and wages:				
Full-time employees	\$ 108,321	\$ 107,253	\$ 1,068	\$ 103,663
Longevity pay	2,708	2,700	8	2,616
Employer's social security contributions	8,494	7,899	595	7,578
Hospitalization and life insurance	19,384	16,680	2,704	17,839
Office supplies	9,700	6,674	3,026	8,183
Retirement contribution	15,118	14,784	334	16,381
Contract services	15,000	9,537	5,463	10,273
Education and travel	7,560	1,202	6,358	4,011
Newsletter	3,500	2,542	958	4,264
Printing and publishing	1,500	516	984	230
Repairs and maintenance	300	-	300	-
Postage	7,500	2,870	4,630	4,753
Equipment	300	297	3	700
Miscellaneous	100	89	11	4
Total Administrative and Office	<u>\$ 199,485</u>	<u>\$ 173,043</u>	<u>\$ 26,442</u>	<u>\$ 180,495</u>

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2004
With Comparative Totals for the Year Ended December 31, 2003**

	<u>2004</u>		<u>Variance -</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2003</u>
			<u>(Negative)</u>	<u>Actual</u>
General Government, continued				
Assessor and Board of Review				
Salaries and wages:				
Appointed officials	\$ 1,200	\$ 780	\$ 420	\$ 900
Full-time employees	52,000	51,801	199	49,440
Longevity pay	1,300	1,300	-	1,236
Retirement contribution	7,280	7,280	-	7,910
Employer's social security contributions	4,169	3,800	369	3,692
Hospitalization and life insurance	13,376	12,286	1,090	12,403
Office supplies	1,000	259	741	679
Printing and publishing	750	407	343	433
Postage	2,500	1,849	651	2,269
Education and travel	1,510	1,474	36	1,292
Legal fees	3,500	4,807	(1,307)	1,840
Repairs and maintenance	550	-	550	-
Gasoline and oil	300	23	277	68
Contract services	1,500	1,432	68	900
Equipment	-	1,095	(1,095)	-
Miscellaneous	300	10	290	-
Total Assessor and Board of Review	<u>\$ 91,235</u>	<u>\$ 88,603</u>	<u>\$ 2,632</u>	<u>\$ 83,062</u>
Election				
Salaries and wages:				
Election workers	\$ 12,500	\$ 12,300	\$ 200	\$ -
Employer's social security contributions	-	67	(67)	-
Office supplies	5,000	3,863	1,137	-
Postage	2,500	2,751	(251)	-
Contract services	3,000	2,948	52	-
Education and travel	1,500	1,438	62	-
Printing and publishing	500	177	323	-
Repairs and maintenance	-	345	(345)	-
Miscellaneous	100	378	(278)	-
Total Election	<u>\$ 25,100</u>	<u>\$ 24,267</u>	<u>\$ 833</u>	<u>\$ -</u>

ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2004
With Comparative Totals for the Year Ended December 31, 2003

	<u>2004</u>		<u>Variance -</u>	<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
General Government, continued				
Township Hall and Grounds				
Salaries and wages:				
Full-time employees	\$ 23,218	\$ 23,658	\$ (440)	\$ 23,110
Overtime	450	28	422	190
Longevity pay	1,161	1,152	9	1,129
Retirement contribution	3,226	3,226	-	3,615
Employer's social security contributions	1,900	1,784	116	1,813
Workers' compensation	6,000	1,548	4,452	241
Life and health insurance	7,400	6,669	731	6,736
Operating supplies	13,000	4,916	8,084	4,778
Gasoline and oil	500	1,673	(1,173)	268
Contract services	18,000	15,177	2,823	27,254
Communications	10,000	7,774	2,226	12,118
Insurance and bonds	20,000	21,270	(1,270)	18,253
Education and travel	200	-	200	162
Electricity	17,500	15,961	1,539	15,938
Heat	10,000	6,915	3,085	5,473
Water and sewer	2,000	401	1,599	1,595
Repairs and maintenance:				
Building	6,500	2,869	3,631	2,641
Equipment	1,200	1,781	(581)	4,719
Grounds	3,000	242	2,758	1,206
Vehicle	600	197	403	671
Building improvements	5,000	-	5,000	-
Equipment	8,500	120	8,380	1,767
Equipment lease/rental	1,300	1,978	(678)	-
Miscellaneous	250	29	221	52
Total Township Hall and Grounds	\$ 160,905	\$ 119,368	\$ 41,537	\$ 133,729

ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2004
With Comparative Totals for the Year Ended December 31, 2003

	<u>2004</u>		<u>Variance -</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2003</u>
			<u>(Negative)</u>	<u>Actual</u>
General Government, continued				
General Services				
Audit fees	\$ 43,200	\$ 43,137	\$ 63	\$ 28,084
Contractual services	6,800	7,930	(1,130)	10,060
Engineering fees	5,000	3,361	1,639	1,350
Legal fees	15,000	19,383	(4,383)	19,784
Library contract	162,431	162,428	3	155,480
Roads	1,500	5,587	(4,087)	768
Drains	7,500	975	6,525	9,716
Education and travel	6,000	5,131	869	4,868
Street lights	35,000	31,082	3,918	28,825
County revolving fund remittance	2,000	646	1,354	295
Insurance	-	165	(165)	-
Miscellaneous	500	1,836	(1,336)	187
Total General Services	<u>\$ 284,931</u>	<u>\$ 281,661</u>	<u>\$ 3,270</u>	<u>\$ 259,417</u>
Planning				
Salary appointed	\$ 7,000	\$ 4,400	\$ 2,600	\$ 4,900
Employer's social security contributions	540	337	203	375
Legal fees	5,000	5,877	(877)	3,387
Contractual services	1,000	180	820	-
Education and travel	1,000	250	750	915
Printing and publishing	2,000	1,153	847	1,202
Miscellaneous	500	-	500	-
Total Planning	<u>\$ 17,040</u>	<u>\$ 12,197</u>	<u>\$ 4,843</u>	<u>\$ 10,779</u>
Total General Government	<u>\$ 989,811</u>	<u>\$ 903,768</u>	<u>\$ 86,043</u>	<u>\$ 873,145</u>

ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2004
With Comparative Totals for the Year Ended December 31, 2003
2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>2003 Actual</u>
Ordinance Enforcement				
Salaries and wages:				
Full-time employees	\$ 36,786	\$ 36,786	\$ -	\$ 48,086
Longevity	3,679	3,679	-	4,809
Employer's social security contributions	3,100	3,025	75	4,006
Hospitalization and life insurance	9,305	8,389	916	11,295
Retirement contribution	5,150	5,150	-	7,694
Office supplies	800	681	119	720
Gasoline and oil	600	531	69	419
Radio maintenance	50	-	50	-
Communications	800	722	78	702
Legal fees	3,500	2,093	1,407	747
Education and travel	50	40	10	40
Contractual services	600	-	600	-
Vehicle maintenance	200	2,171	(1,971)	342
Miscellaneous	150	-	150	-
Total Ordinance Enforcement	\$ 64,770	\$ 63,267	\$ 1,503	\$ 78,860
Recreational and Cultural				
Parks and Recreation				
Salaries and wages:				
Full-time employees	\$ 15,704	\$ 15,772	\$ (68)	\$ 44,066
Part-time employees	46,370	51,090	(4,720)	38,472
Overtime	1,500	47	1,453	480
Longevity	783	768	15	1,498
Unemployment compensation	9,193	9,210	(17)	-
Retirement contribution	2,154	2,150	4	7,178
Employer's social security contributions	4,928	5,127	(199)	6,429
Life and health insurance	4,570	4,446	124	16,764
Operating supplies	11,250	8,309	2,941	8,152
Gasoline and oil	3,000	2,552	448	2,531
Utilities	7,500	3,947	3,553	6,838
Contractual services	1,500	240	1,260	14,328
General insurance	27,755	27,668	87	4,830
Publishing	300	429	(129)	-
Communications	1,200	-	1,200	1,200
Repairs and maintenance:				
Buildings	3,000	2,091	909	3,169
Equipment	2,500	1,304	1,196	1,283
Grounds	10,000	9,107	893	13,307
Vehicles	2,500	692	1,808	1,088
Equipment	2,000	1,787	213	8,613
Education and travel	500	-	500	403
Wilderness trail	42,000	41,552	448	739
Roads	-	1,201	(1,201)	-
Land improvements	-	-	-	3,773
Miscellaneous	-	17	(17)	-
Total Parks and Recreation	\$ 200,207	\$ 189,506	\$ 10,701	\$ 185,141
TOTAL EXPENDITURES	\$ 1,276,938	\$ 1,177,824	\$ 99,114	\$ 1,159,227

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
December 31, 2004**

ASSETS	Police Training	Police Drug Forfeiture	Building Department	Total
Cash	\$ 9,465	\$ 26,687	\$ 100,598	\$ 136,750
Accounts receivable	-	-	3,788	3,788
Prepaid expense	-	-	911	911
TOTAL ASSETS	\$ 9,465	\$ 26,687	\$ 105,297	\$ 141,449
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$ -	\$ 571	\$ 23,455	\$ 24,026
Payroll liabilities	-	-	1,386	1,386
Total Liabilities	\$ -	\$ 571	\$ 24,841	\$ 25,412
FUND EQUITY				
Fund balances	9,465	26,116	80,456	116,037
TOTAL LIABILITIES AND FUND EQUITY	\$ 9,465	\$ 26,687	\$ 105,297	\$ 141,449

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2004**

	<u>Police Training</u>	<u>Police Drug Forfeiture</u>	<u>Building Department</u>
Revenues			
Fines, fees, and forfeits	\$ -	\$ 2,477	\$ 150,170
Interest	<u>107</u>	<u>406</u>	<u>3,800</u>
Total Revenues	<u>\$ 107</u>	<u>\$ 2,883</u>	<u>\$ 153,970</u>
Expenditures			
Public safety	\$ 465	\$ 5,414	\$ 140,436
Recreation and cultural	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 465</u>	<u>\$ 5,414</u>	<u>\$ 140,436</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (358)	\$ (2,531)	\$ 13,534
Fund Balances, Beginning of Year	<u>9,823</u>	<u>28,647</u>	<u>66,922</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,465</u>	<u>\$ 26,116</u>	<u>\$ 80,456</u>

**Maiden Lane
Community
Park**

<u>Development</u>	<u>Total</u>
\$ -	\$ 152,647
<u>-</u>	<u>4,313</u>
\$ -	\$ 156,960
\$ -	\$ 146,315
<u>3</u>	<u>3</u>
\$ 3	\$ 146,318
\$ (3)	\$ 10,642
<u>3</u>	<u>105,395</u>
\$ -	\$ 116,037

**ST. JOSEPH CHARTER TOWNSHIP
POLICE TRAINING SPECIAL REVENUE FUND
Balance Sheet
December 31, 2004**

ASSETS
Cash

\$ 9,465

FUND EQUITY
Fund balance

\$ 9,465

**ST. JOSEPH CHARTER TOWNSHIP
POLICE TRAINING SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Interest	\$ 100	\$ 107	\$ 7
Expenditures			
Operating supplies	\$ 2,000	\$ 465	\$ 1,535
Transportation/Education	4,000	-	4,000
Miscellaneous	500	-	500
Total Expenditures	\$ 6,500	\$ 465	\$ 6,035
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (6,400)	\$ (358)	\$ 6,042
Fund Balance, Beginning of Year	9,823	9,823	-
FUND BALANCE, END OF YEAR	\$ 3,423	\$ 9,465	\$ 6,042

**ST. JOSEPH CHARTER TOWNSHIP
POLICE DRUG FORFEITURE SPECIAL REVENUE FUND
Balance Sheet
December 31, 2004**

ASSETS	
Cash	<u>\$ 26,687</u>
LIABILITIES	
Accounts payable	<u>\$ 571</u>
FUND EQUITY	
Fund balance	<u> 26,116</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 26,687</u>

**ST. JOSEPH CHARTER TOWNSHIP
POLICE DRUG FORFEITURE SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Forfeits-drug related	\$ -	\$ 2,477	\$ 2,477
Interest	<u>300</u>	<u>406</u>	<u>106</u>
Total Revenues	<u>\$ 300</u>	<u>\$ 2,883</u>	<u>\$ 2,583</u>
Expenditures			
Salaries and wages	\$ 6,000	\$ -	\$ 6,000
Operating supplies	2,000	697	1,303
Operating equipment	4,600	4,552	48
Miscellaneous	<u>500</u>	<u>165</u>	<u>335</u>
Total Expenditures	<u>\$ 13,100</u>	<u>\$ 5,414</u>	<u>\$ 7,686</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (12,800)	\$ (2,531)	\$ 10,269
Fund Balance, Beginning of Year	<u>28,647</u>	<u>28,647</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 15,847</u>	<u>\$ 26,116</u>	<u>\$ 10,269</u>

**ST. JOSEPH CHARTER TOWNSHIP
BUILDING DEPARTMENT SPECIAL REVENUE FUND
Balance Sheet
December 31, 2004**

ASSETS

Cash	\$ 100,598
Accounts receivable	3,788
Prepaid expenses	<u>911</u>

TOTAL ASSETS	<u>\$ 105,297</u>
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LIABILITIES

Accounts payable	\$ 23,455
Payroll liabilities	<u>1,386</u>

Total Liabilities	\$ 24,841
-------------------	-----------

FUND EQUITY

Fund balance	<u>80,456</u>
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TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 105,297</u>
-----------------------------------	-------------------

**ST. JOSEPH CHARTER TOWNSHIP
BUILDING DEPARTMENT SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Rental inspection fees	\$ 3,000	\$ 5,495	\$ 2,495
Electrical inspection	14,000	16,351	2,351
Inspection fees	125,000	126,857	1,857
Demolition fees	500	80	(420)
Zoning/variance fees	-	1,387	1,387
Interest	<u>600</u>	<u>3,800</u>	<u>3,200</u>
Total Revenues	\$ 143,100	\$ 153,970	\$ 10,870
Expenditures			
Building department	<u>136,415</u>	<u>140,436</u>	<u>(4,021)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 6,685	\$ 13,534	\$ 6,849
Fund Balance, Beginning of Year	<u>66,922</u>	<u>66,922</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 73,607</u>	<u>\$ 80,456</u>	<u>\$ 6,849</u>

**ST. JOSEPH CHARTER TOWNSHIP
BUILDING DEPARTMENT SPECIAL REVENUE FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Salaries and wages:			
Permanent employees	\$ 51,088	\$ 57,100	\$ (6,012)
Part-time employees	16,930	8,786	8,144
Longevity pay	1,218	1,402	(184)
Retirement contribution	6,818	7,980	(1,162)
Employer's social security contributions	5,297	5,103	194
Life and health insurance	7,101	8,397	(1,296)
Operating supplies	1,150	1,466	(316)
Gasoline and oil	850	239	611
Inspections	30,000	32,471	(2,471)
Contractual services	3,900	5,158	(1,258)
Education and travel	5,000	4,285	715
Water and sewer utilities	50	34	16
Electric	650	628	22
Heat	550	586	(36)
Legal fees	1,200	3,680	(2,480)
Communications	2,700	2,452	248
Workers' compensation	913	663	250
Repair and maintenance - vehicles	750	-	750
Miscellaneous	250	6	244
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 136,415	\$ 140,436	\$ (4,021)

**ST. JOSEPH CHARTER TOWNSHIP
MAIDEN LANE COMMUNITY PARK SPECIAL REVENUE FUND
Balance Sheet
December 31, 2004**

ASSETS

Cash

\$ -

Due from state

-

TOTAL ASSETS

\$ -

LIABILITIES

Due to other funds

\$ -

FUND EQUITY

Fund balance

-

TOTAL LIABILITIES AND FUND EQUITY

\$ -

**ST. JOSEPH CHARTER TOWNSHIP
MAIDEN LANE COMMUNITY PARK SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Contributions	\$ -	\$ -	\$ -
Interest	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Expenditures			
Professional fees	\$ -	\$ 3	\$ (3)
Capital outlay	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ (3)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (3)	\$ (3)
 Fund Balance, Beginning of Year	<u>3</u>	<u>3</u>	<u>-</u>
 FUND BALANCE, END OF YEAR	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ (3)</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Balance Sheet
December 31, 2004**

	Fire Improvement <u>Fund</u>	St. Joseph Charter Township Improvement <u>Fund</u>	Sewer Replacement and Improvement <u>Fund</u>	<u>Total</u>
ASSETS				
Cash	<u>\$ 203,443</u>	<u>\$ 12,462</u>	<u>\$ 74,157</u>	<u>\$ 290,062</u>
 FUND EQUITY				
Fund balance	<u>\$ 203,443</u>	<u>\$ 12,462</u>	<u>\$ 74,157</u>	<u>\$ 290,062</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended December 31, 2004**

	Fire Improvement Fund	St. Joseph Charter Township Improvement Fund	Sewer Replacement and Improvement Fund	Total
Revenues				
Interest	\$ 2,388	\$ 135	\$ 988	\$ 3,511
Rent	-	30,036	-	30,036
Total Revenues	\$ 2,388	\$ 30,171	\$ 988	\$ 33,547
Expenditures				
Current:				
Maintenance	\$ -	\$ 744	\$ -	\$ 744
Professional fees	-	-	1	1
Capital outlay	-	697	-	697
Miscellaneous	9,302	-	-	9,302
Debt service:				
Principal	-	18,265	-	18,265
Interest	-	2,950	-	2,950
Total Expenditures	\$ 9,302	\$ 22,656	\$ 1	\$ 31,959
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (6,914)	\$ 7,515	\$ 987	\$ 1,588
Other Financing Sources (Uses)				
Operating transfers in	\$ -	\$ -	\$ 29,630	\$ 29,630
Operating transfers out	-	-	(138,986)	(138,986)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (109,356)	\$ (109,356)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (6,914)	\$ 7,515	\$ (108,369)	\$ (107,768)
Fund Balance, Beginning of Year	210,357	4,947	182,526	397,830
FUND BALANCE, END OF YEAR	\$ 203,443	\$ 12,462	\$ 74,157	\$ 290,062

**ST. JOSEPH CHARTER TOWNSHIP
FIRE IMPROVEMENT CAPITAL PROJECTS FUND
Balance Sheet
December 31, 2004**

ASSETS

Cash

\$ 203,443

FUND EQUITY

Fund balance

\$ 203,443

ST. JOSEPH CHARTER TOWNSHIP
FIRE IMPROVEMENT CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Interest	\$ 1,400	\$ 2,388	\$ 988
Expenditures			
Miscellaneous	<u>10,500</u>	<u>9,302</u>	<u>1,198</u>
Excess of Revenues Over Expenditures	\$ (9,100)	\$ (6,914)	\$ 2,186
Fund Balance, Beginning of Year	<u>210,357</u>	<u>210,357</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 201,257</u>	<u>\$ 203,443</u>	<u>\$ 2,186</u>

**ST. JOSEPH CHARTER TOWNSHIP
ST. JOSEPH CHARTER TOWNSHIP IMPROVEMENT CAPITAL PROJECTS FUND
Balance Sheet
December 31, 2004**

ASSETS

Cash

\$ 12,462

FUND EQUITY

Fund balance

\$ 12,462

ST. JOSEPH CHARTER TOWNSHIP
ST. JOSEPH CHARTER TOWNSHIP IMPROVEMENT CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Interest	\$ -	\$ 135	\$ 135
Rent	<u>27,200</u>	<u>30,036</u>	<u>2,836</u>
Total Revenues	<u>\$ 27,200</u>	<u>\$ 30,171</u>	<u>\$ 2,971</u>
Expenditures			
Current:			
Insurance	\$ 250	\$ -	\$ 250
Maintenance	2,000	744	1,256
Land	-	697	(697)
Miscellaneous	50	-	50
Debt service:			
Principal	18,185	18,265	(80)
Interest	<u>3,030</u>	<u>2,950</u>	<u>80</u>
Total Expenditures	<u>\$ 23,515</u>	<u>\$ 22,656</u>	<u>\$ 859</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 3,685	\$ 7,515	\$ 3,830
Fund Balance, Beginning of Year	<u>4,947</u>	<u>4,947</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,632</u>	<u>\$ 12,462</u>	<u>\$ 3,830</u>

**ST. JOSEPH CHARTER TOWNSHIP
SEWER REPLACEMENT AND IMPROVEMENT CAPITAL PROJECTS FUND
Balance Sheet
December 31, 2004**

ASSETS

Cash

\$ 74,157

FUND EQUITY

Fund balance

\$ 74,157

ST. JOSEPH CHARTER TOWNSHIP
SEWER REPLACEMENT AND IMPROVEMENT CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Interest	\$ 900	\$ 988	\$ 88
Expenditures	<u>139,060</u>	<u>1</u>	<u>139,059</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (138,160)	\$ 987	\$ 139,147
Other Sources (Uses)			
Operating transfers in	\$ 25,000	\$ 29,630	\$ 4,630
Operating transfers out	<u>-</u>	<u>(138,986)</u>	<u>(138,986)</u>
Total Other Sources (Uses)	<u>\$ 25,000</u>	<u>\$ (109,356)</u>	<u>\$ (134,356)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (113,160)	\$ (108,369)	\$ 4,791
Fund Balance, Beginning of Year	<u>182,526</u>	<u>182,526</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 69,366</u>	<u>\$ 74,157</u>	<u>\$ 4,791</u>

**ST. JOSEPH CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Statement of Expenses
 For the Year Ended December 31, 2004**

	<u>Sewer Fund</u>	<u>Water Fund</u>
Operating Expenses:		
Personnel costs	\$ 160,301	\$ -
Contractual services	36,461	6,000
Contributions	97,179	72,274
Operating supplies	3,530	-
Gas and oil	3,727	-
Uniforms	1,444	-
Utilities	15,228	-
Insurance	7,124	-
Education and travel	175	310
Sewer treatment - St. Joseph	469,359	-
Sewer treatment - Benton Harbor	112,840	-
Fire hydrant rental	-	7,431
Depreciation	202,049	111,063
Repairs and maintenance	7,601	-
Miscellaneous	<u>872</u>	<u>2,246</u>
 Total Operating Expenses	 <u>\$ 1,117,890</u>	 <u>\$ 199,324</u>

ST. JOSEPH CHARTER TOWNSHIP
AGENCY FUNDS
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2004

	<u>Balance</u> <u>December 31,</u> <u>2003</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Balance</u> <u>December 31,</u> <u>2004</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 1,668,092	\$ 13,177,402	\$ 13,747,209	\$ 1,098,285
TOTAL ASSETS	<u>\$ 1,668,092</u>	<u>\$ 13,177,402</u>	<u>\$ 13,747,209</u>	<u>\$ 1,098,285</u>
 LIABILITIES				
Undistributed taxes, interest,				
licenses and revenues	\$ 838,116	\$ 12,098,193	\$ 12,457,021	\$ 479,288
Due to other governments	3,632	485,591	459,464	29,759
Due to other funds	<u>826,344</u>	<u>593,618</u>	<u>830,724</u>	<u>589,238</u>
TOTAL LIABILITIES	<u>\$ 1,668,092</u>	<u>\$ 13,177,402</u>	<u>\$ 13,747,209</u>	<u>\$ 1,098,285</u>

ST. JOSEPH CHARTER TOWNSHIP
AGENCY FUNDS
Statement of Changes in Assets and Liabilities
Current Tax Fund
For the Year Ended December 31, 2004

	Balance December 31, <u>2003</u>	<u>Additions</u>	<u>Subtractions</u>	Balance December 31, <u>2004</u>
CURRENT TAX FUND				
ASSETS				
Cash	\$ 1,610,478	\$ 11,985,344	\$ 12,582,293	\$ 1,013,529
TOTAL ASSETS	<u>\$ 1,610,478</u>	<u>\$ 11,985,344</u>	<u>\$ 12,582,293</u>	<u>\$ 1,013,529</u>
 LIABILITIES				
Undistributed tax and interest	\$ 814,945	\$ 11,444,786	\$ 11,782,485	\$ 477,246
Due to other funds	<u>795,533</u>	<u>540,558</u>	<u>799,808</u>	<u>536,283</u>
TOTAL LIABILITIES	<u>\$ 1,610,478</u>	<u>\$ 11,985,344</u>	<u>\$ 12,582,293</u>	<u>\$ 1,013,529</u>

	Balance December 31, <u>2003</u>	<u>Additions</u>	<u>Subtractions</u>	Balance December 31, <u>2004</u>
DELINQUENT TAX FUND				
ASSETS				
Cash	\$ 5,446	\$ 215,577	\$ 211,584	\$ 9,439
 TOTAL ASSETS	 \$ 5,446	 \$ 215,577	 \$ 211,584	 \$ 9,439
 LIABILITIES				
Undistributed taxes and licenses	\$ 675	\$ 199,907	\$ 198,995	\$ 1,587
Due to other governments	3,632	15,524	11,450	7,706
Due to other funds	<u>1,139</u>	<u>146</u>	<u>1,139</u>	<u>146</u>
 TOTAL LIABILITIES	 \$ 5,446	 \$ 215,577	 \$ 211,584	 \$ 9,439

ST. JOSEPH CHARTER TOWNSHIP
AGENCY FUNDS
Statement of Changes in Assets and Liabilities
Benton Harbor Escrow
For the Year Ended December 31, 2004

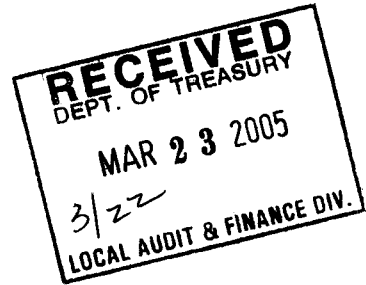
	Balance December 31, <u>2003</u>	<u>Additions</u>	<u>Subtractions</u>	Balance December 31, <u>2004</u>
BENTON HARBOR ESCROW				
ASSETS				
Cash	\$ 52,168	\$ 976,481	\$ 953,332	\$ 75,317
TOTAL ASSETS	<u>\$ 52,168</u>	<u>\$ 976,481</u>	<u>\$ 953,332</u>	<u>\$ 75,317</u>
 LIABILITIES				
Due to general fund	\$ -	\$ 286	\$ 105	\$ 181
Due to sewer operating fund	24,555	42,884	24,555	42,884
Due to water operating fund	5,117	9,744	5,117	9,744
Due to other governments	-	470,067	448,014	22,053
Undistributed revenue	<u>22,496</u>	<u>453,500</u>	<u>475,541</u>	<u>455</u>
TOTAL LIABILITIES	<u>\$ 52,168</u>	<u>\$ 976,481</u>	<u>\$ 953,332</u>	<u>\$ 75,317</u>

ST. JOSEPH CHARTER TOWNSHIP

COMMENTS AND RECOMMENDATIONS

December 31, 2004

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Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

January 31, 2005

Members of
St. Joseph Charter Township Board

In connection with our audit of the combined financial statements of St. Joseph Charter Township as of December 31, 2004, we have made a review of accounting procedures and internal control. While the primary objective of such a review is to afford us a basis of determining the scope of our audit procedures, it nevertheless presents us with an opportunity to submit, for your consideration, suggestions for changes in procedures, which, in our opinion, would strengthen internal control or contribute to the improvement of operating efficiency.

The comments in this letter are based upon observations made in the course of such review. The review was not designed for the purpose of expressing an opinion on internal accounting control, and it would not necessarily disclose all weaknesses in the system. The matters discussed herein were considered during our examination of the financial statements. We offer for your review the comments and recommendations as noted on the following page.

If we can be of any help in implementing any of these suggestions or if you have any questions regarding these or any other matters, please feel free to contact us.

Once again, we would like to thank all of the officials and employees of St. Joseph Charter Township for the cooperation and courtesy extended to us during the course of our engagement.

Gerbel & Company, P.C.

Right. On time.

1. When the Township uses funds from either the Water or Sewer Replacement and Improvement Funds, an operating transfer should be made to the respective operating fund to insure the improvement is properly capitalized.
2. The Township should consider locking deposits and start up cash in a safe within the vault. Currently these items are being locked in the vault, though there are employees with access to the vault who do not need access to the cash.
3. Our suggestions from prior years have been implemented in a timely and efficient manner.
4. The Township's administration and personnel displayed a high level of dedication and cooperation in performing their duties and assisting us in completing ours.